

Message Text

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44

ACTION EUR-25

INFO OCT-01 ARA-16 IO-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02

SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20

PA-04 PRS-01 USIA-15 TAR-02 DRC-01 /166 W

----- 093450

R 211238Z DEC 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6191

INFO AMEMBASSY BRASILIA

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CORRECTED COPY (CORRECTION PARA 6)

PASS AGRICULTURE

E.O. 11652: NA

TAGS: BR, EEC, ETRD

SUBJ: EC-BRAZIL TRADE AGREEMENT

1. SUMMARY. THE EC AND BRAZIL HAVE SIGNED AN MFN
TRADE AGREEMENT. CONCESSIONS ON FROZENS AND REFRIGER-
ATED BEEF MATCH THOSE IN AGREEMENTS PREVIOUSLY
SIGNED WITH ARGENTINA AND URUGUAY. ADDITIONAL
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TARIFF QUOTA CONCESSIONS ON COCOA BUTTER AND

SOLUBLE COFFEE WHICH ARE OF PARTICULAR INTEREST TO BRAZIL ARE TO BE INCLUDED IN THE EUROPEAN COMMUNITY'S GSP SYSTEM BEGINNING JANUARY 1, 1974. END SUMMARY.

2. ON DECEMBER 19 THE EC AND BRAZIL SIGNED AN MFN TRADE AGREEMENT, THE THIRD SUCH AGREEMENT THAT THE COMMUNITY HAS ENTERED INTO WITH A LATIN AMERICAN COUNTRY. (THE OTHER TWO ARE WITH ARGENTINA AND URUGUAY.) THE PRESENT AGREEMENT IS FOR THREE YEARS WITH THE POSSIBILITY OF RENEWAL OF AN ANNUAL BASIS THEREAFTER. A JOINT EC-BRAZIL COMMISSION WILL OVERSEE ITS ADMINISTRATION.

3. TRADE CONTENT.

COCOA BUTTER AND SOLUBLE COFFEE. THE COMMUNITY HAS AGREED TO CERTAIN MFN CONCESSIONS ON COCOA BUTTER AND SOLUBLE COFFEE. THE EC, IN EFFECT, HAS NEGOTIATED ON A BILATERAL BASIS WITH BRAZIL CONCESSIONS WHICH NOW WILL BE INCLUDED IN THE COMMUNITY'S GSP SCHEME BEGINNING IN 1974. ON COCOA BUTTER THE COMMUNITY HAS AGREED TO REDUCE THE NORMAL 12 PERCENT DUTY TO 8 PERCENT WITHIN A TARIFF QUOTA OF 21,600 TONS. SIMILARLY, FOR SOLUBLE COFFEE THE COMMUNITY WILL REDUCE THE NORMAL 18 PERCENT DUTY TO 9 PERCENT WITHIN THE TARIFF QUOTA OF 18,750 TONS. THE CONCESSIONS OF THESE PRODUCTS HAVE BEEN NEGOTIATED PRIMARILY TO TAKE ACCOUNT OF TRADITIONAL TRADE FLOWS BETWEEN BRAZIL AND THE UK ON THESE PRODUCTS. THESE TARIFF QUOTAS WILL BE SUBJECT TO REVISION ON AN ANNUAL BASIS TAKING INTO CONSIDERATION COMMUNITY IMPORT NEEDS AND POSSIBLE CHANGES IN THE LIST OF COUNTRIES BENEFITTING FROM THE COMMUNITY'S GSP SCHEME. THE LATTER POINT WOULD ALLOW THE COMMUNITY TO REDUCE THE TARIFF QUOTA SHOULD A SUPPLIER OF COCOA BUTTER SUCH AS GHANA BECOME AN ASSOCIATED STATE AND THEREFORE NO LONGER SUBJECT TO THE DUTY OR QUOTA RESTRICTIONS. A SAFEGUARD CLAUSE IS ALSO INCLUDED TO FURTHER PROTECT THE COMMUNITY AND ITS ASSOCIATED STATES. FOR ITS PART, BRAZIL WILL TAKE SUCH MEASURES LIMITED OFFICIAL USE

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AS ARE NECESSARY WITH REGARD TO PRICING AND MARKETING POLICIES TO AVOID DISTURBING THE COMMUNITY'S INTERNAL MARKET AND ITS TRADITIONAL TRADE FLOWS ON THOSE TWO PRODUCTS FROM OTHER COUNTRIES.

4. BRAZILIAN BEEF EXPORTS. PROVISIONS ON BRAZILIAN BEEF EXPORTS ARE SIMILAR TO THOSE INCLUDED IN THE AGREEMENTS WITH ARGENTINA AND URUGUAY. ON FROZEN

BEEF FOR PROCESSING THE EC WILL UNDERTAKE TO GUARANTEE A LEVY SUSPENSION AT THE HIGHEST LEVEL POSSIBLE. FROZEN BEEF FROM BRAZIL INCLUDED IN THE EC'S GATT CONSOLIDATED TARIFF QUOTA WILL BE CALCULATED ON A BONE-OUT BASIS. FOR REFRIGERATED BEEF FROM BRAZIL THE COMMUNITY WILL ALLOW A THIRTY-DAY ADVANCE FIXING OF THE LEVY IN EXCHANGE FOR AN AGREEMENT BY BRAZIL TO GUARANTEE ORDERLY MARKETING.

5. COTTON TEXTILES. THE TWO PARTIES HAVE AGREED TO CONTINUE TALKS BASED ON A BRAZILIAN REQUEST TO BE INCLUDED AMONG THE COUNTRIES BENEFITTING UNDER THE EC'S GENERALIZED PREFERENCES FOR COTTON TEXTILES ONCE THE CURRENT NEGOTIATIONS WITHIN THE GATT FRAMEWORK OF A MULTI-FIBER ARRANGEMENT HAVE BEEN COMPLETED.

6. WITHIN THE CONTEXT OF THE MIXED COMMISSION BRAZIL HAS AGREED TO CONSULT WITH THE EC REGARDING CUSTOMS VALUATION ON PRODUCTS IMPORTED BY BRAZIL. THE MIXED COMMISSION WILL ALSO BE THE SETTING FOR FURTHER EC-BRAZIL DISCUSSIONS OF MARITIME QUESTIONS. (THE OBJECT IS TO FIND COMMON GROUND BETWEEN BRAZIL'S DESIRE TO DEVELOP ITS MERCHANT FLEET AND THE COMMUNITY'S DESIRE FOR NON-DISCRIMINATION IN OBTAINING BRAZILIAN CARGOES.) THE AGREEMENT EN VISIONS ECONOMIC/COOPERATION PARTICULARLY IN THE AGRICULTURAL FIELD AND IN THE MARKETING OF THOSE PRODUCTS WHICH BENEFIT FROM CONCESSIONS UNDER THE AGREEMENT.

7. THE AGREEMENT WILL FORMALLY COME INTO FORCE WHEN BRAZIL HAS COMPLETED ITS RATIFICATION PROCEDURES. THE PRINCIPAL ECONOMIC CONCESSIONS, LIMITED OFFICIAL USE

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HOWEVER, WILL BE VALID FROM JANUARY 1, 1974 SINCE EC REGULATIONS WITH REGARD TO FROZEN AND REFRIGERATED BEEF ARE ALREADY IN OPERATION WHILE THE CONCESSIONS ON SOLUBLE COFFEE AND COCOA BUTTER WILL ENTER INTO FORCE ON JANUARY 1 ALONG WITH OTHER COMMUNITY GSP PREFERENCES FOR 1974. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE AGREEMENTS, TARIFFS, AGRICULTURAL PRODUCT SALES, MEATS, TARIFF LIBERALIZATION
Control Number: n/a
Copy: SINGLE
Draft Date: 21 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU07429
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731211/aaaaahwl.tel
Line Count: 160
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 31 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Aug-2001 by rowellE0>; APPROVED <15-Oct-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC-BRAZIL TRADE AGREEMENT
TAGS: ETRD, BR, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005